agricultural. Industrial development and improvement were negligible. Even in the field of agriculture, the necessity of importing a considerable fraction of the principal item of diet, consisting of rice, attested the inadequacy of the national economy. It is estimated that probably less than 5 per cent of the land area was under any form of cultivation.

By successive steps the Government proceeded to build a larger and surer economy and obtain a wider distribution of the growing wealth. In 1902, a discount of 25 per cent from the regular United States tariff rates was granted. In 1909, free trade was set up with mild restrictions. In 1913 unlimited free trade was established. In the years that followed, American import duties on foreign goods competing with Philippine goods were successively raised.

Today at the end of thirty-five years of economic growth, the foreign trade of the Philippines is running approximately ₱400,000,000 annually—more than fourfold as compared with trade in 1901. Even the invisible items of trade have turned in favor of the Islands. Trade with America has acquired so favorable a position that it has offset for many years with a favorable balance the negative balances with all oriental and most European countries with which the Philippines trades.

The population has more than doubled. Land under cultivation has increased nearly threefold. The rice problem has been solved, and during the past few years the Islands have been all but self-sufficient in cereal requirements. Should necessity arise, the cattle-raising industry has made it possible to supply all of our meat. The production of abaca and tobacco has more than doubled. Corn has increased fourfold, rice fivefold, lumber and forest products sixfold, sugar sixfold. Copra production has increased ninefold, and mineral production has risen from a negligible position to one that is commanding the respect of the world.

Formerly all our products left our shores in raw state, or as nearly so as conditions of transport allowed. Today nearly half our copra is converted into oil 9 practically all our sugar is carried to 96 degrees or more; our tobacco goes forth as cigars and a

respectable fraction of our abaca leaves as rope. The sound first steps of industrial development have been taken in the form of maximum elaboration of our agricultural products.

This economic advance has not been made on the basis of exploitation. A share of the profit has been passed all the way down the line, resulting in the -highest labor wage in the Orient. Philippine labor has